

MONTANA LEGISLATIVE HISTORY

Chapter 420 1991

Bill H 591 S _____ Original bill & history ☒ c

H. Committee on Taxation

Hearing Date(s) 2-14 _____ c

_____ c

_____ c

_____ c

Date Out 2-14 _____ c

S. Committee on Taxation

Hearing Date(s) 3-20 _____ c

3-27 _____ c

_____ c

_____ c

Date Out 3-27

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

HOUSE FINAL STATUS

HB 591

2/25	FIRST READING		
2/25	REFERRED TO EDUCATION & CULTURAL RESOURCES		
3/05	REVISED FISCAL NOTE REQUESTED		
3/13	REVISED FISCAL NOTE RECEIVED		
3/14	REVISED FISCAL NOTE PRINTED		
3/15	HEARING		
3/21	COMMITTEE REPORT—BILL CONCURRED		
3/23	2ND READING CONCURRED	47	0
3/25	3RD READING CONCURRED	47	1
	RETURNED TO HOUSE		
4/01	SIGNED BY SPEAKER		
4/01	SIGNED BY PRESIDENT		
4/01	TRANSMITTED TO GOVERNOR		
4/06	RETURNED TO HOUSE WITH GOVERNOR'S AMENDMENTS		
4/09	2ND READING GOVERNOR'S AMENDMENTS NOT CONCURRED	85	12
	TRANSMITTED TO SENATE		
4/17	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	49	0
4/18	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	48	1
	RETURNED TO HOUSE		
4/19	CONFERENCE COMMITTEE APPOINTED		
4/23	FREE CONFERENCE COMMITTEE APPOINTED		
4/24	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/25	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	94	1
4/25	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	95	4
	SENATE		
4/23	CONFERENCE COMMITTEE APPOINTED		
4/23	CONFERENCE COMMITTEE DISSOLVED		
4/23	FREE CONFERENCE COMMITTEE APPOINTED		
4/24	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/25	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	49	0
4/25	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	49	0
4/29	SIGNED BY SPEAKER		
4/29	SIGNED BY PRESIDENT		
4/30	TRANSMITTED TO GOVERNOR		
5/15	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 754		

EFFECTIVE DATE: 7/01/91

HB 590 INTRODUCED BY SOUTHWORTH, ET AL.

REQUIRE PROOF OF BUILDING PERMITS BEFORE
INSURER CAN ISSUE INSURANCE POLICY

2/04	INTRODUCED
2/04	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT
2/04	FIRST READING
2/14	HEARING
2/15	TABLED IN COMMITTEE

HB 591 INTRODUCED BY SOUTHWORTH, ET AL.

REQUIRE WAGE LAW APPLICATION TO TAX-EXEMPT
PROJECTS OVER \$25,000

2/04	INTRODUCED
2/04	REFERRED TO TAXATION
2/04	FIRST READING

2/04	FISCAL NOTE REQUESTED		
2/09	FISCAL NOTE RECEIVED		
2/11	FISCAL NOTE PRINTED		
2/14	HEARING		
2/14	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/16	2ND READING PASSED	67	29
2/19	3RD READING PASSED	68	32
	TRANSMITTED TO SENATE		
2/20	FIRST READING		
2/20	REFERRED TO TAXATION		
3/20	HEARING		
3/27	COMMITTEE REPORT—BILL CONCURRED		
4/03	2ND READING CONCURRED	49	1
4/04	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE		
4/11	SIGNED BY SPEAKER		
4/11	SIGNED BY PRESIDENT		
4/11	TRANSMITTED TO GOVERNOR		
4/15	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 420		
		EFFECTIVE DATE: 7/01/91	

HB 592 INTRODUCED BY CROMLEY
 PROVIDE FOR PRESCRIPTION MONITORING
 OF CONTROLLED SUBSTANCES

2/04	INTRODUCED
2/04	REFERRED TO HUMAN SERVICES & AGING
2/04	FIRST READING
2/04	FISCAL NOTE REQUESTED
2/08	FISCAL NOTE RECEIVED
2/11	FISCAL NOTE PRINTED
3/08	HEARING
3/12	TABLED IN COMMITTEE

HB 593 INTRODUCED BY LARSON, ET AL.
 ALLOWING CERTAIN SIGNS NEAR A PRIMARY HIGHWAY

2/04	INTRODUCED
2/04	REFERRED TO HIGHWAYS & TRANSPORTATION
2/04	FIRST READING
2/21	HEARING
2/21	TABLED IN COMMITTEE

HB 594 INTRODUCED BY GOULD, ET AL.
 ESTABLISHING A WEEK OF OBSERVANCE OF
 THE RIGHT TO KEEP AND BEAR ARMS

2/04	INTRODUCED		
2/04	REFERRED TO FISH & GAME		
2/04	FIRST READING		
2/12	HEARING		
2/20	COMMITTEE REPORT—BILL PASSED		
2/21	PLACED ON CONSENT CALENDAR		
2/23	3RD READING PASSED	90	7
	TRANSMITTED TO SENATE		
2/25	FIRST READING		
2/25	REFERRED TO EDUCATION & CULTURAL RESOURCES		
3/15	HEARING		
3/28	COMMITTEE REPORT—BILL CONCURRED		
4/04	2ND READING CONCURRED	45	4
4/05	3RD READING CONCURRED	45	5
	RETURNED TO HOUSE		
4/11	SIGNED BY SPEAKER		

1 *House* BILL NO. *591*
2 INTRODUCED BY *Letitia J. Whalen*
3 *J. Richard Carlisle*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT A
5 CONTRACT LET FOR A PROJECT COSTING MORE THAN \$25,000 AND
6 RECEIVING A STATE TAX EXEMPTION CONTAIN A PROVISION
7 REQUIRING THE CONTRACTOR TO PAY THE STANDARD PREVAILING
8 WAGE; AND PROVIDING AN EFFECTIVE DATE."
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Tax exempt project --
12 prevailing wage required. A contract let for a project
13 costing more than \$25,000 and receiving a tax exemption from
14 the state must contain a provision requiring the contractor
15 to pay the standard prevailing wage rate in effect and
16 applicable to the district in which the work is being
17 performed.

18 NEW SECTION. Section 2. Codification instruction.
19 [Section 1] is intended to be codified as an integral part
20 of Title 18, chapter 2, part 4, and the provisions of Title
21 18, chapter 2, part 4, apply to [section 1].

22 NEW SECTION. Section 3. Effective date. [This act] is
23 effective July 1, 1991.

-End-

INTRODUCED BILL
HB 591

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0591, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to require that a contract let for a project costing more than \$25,000 and receiving a state tax exemption contain provision requiring the contractor to pay the standard prevailing wage.

ASSUMPTIONS:

1. "Projects...receiving a tax exemption" refers to projects contracted by private entities with tax exempt funds.
2. All contracts supported with at least \$2,000 in federal funds are subject to Davis-Bacon requirements. The federal prevailing wage is equal to or greater than the state prevailing wage.
3. The standard prevailing wage is currently required for all state, county, municipal, and school projects in excess of \$25,000 pursuant to 18-2-402, MCA.
4. Workload associated with enforcement of state wage laws by the Department of Labor and Industry would not appreciably increase.

FISCAL IMPACT:

None.

 2-8-91

ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2-11-91

JIM SOUTHWORTH, PRIMARY SPONSOR DATE
Fiscal Note for HB0591, as introduced.

HB 591

MONTANA LEGISLATIVE COUNCIL BILL STATUS SYSTEM
 FINAL COMMITTEE REPORT OF REFERRED BILLS
 COMMITTEE--(H) TAXATION

PAGE NBR..... 155
 RUN TIME13:25
 RUN DATE.... 06/04/91

CHAIRMAN--DAN HARRINGTON
 NORMAL SCHEDULE==> SITE: ROOM 437

DAYS: M,T,W,T,F

TIME: 8:00 A.M.

SECRETARY--MONA SPAULDING

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REFERRED TO COMM	DATE OUT
HB0547	2/01	2/15		PASS AS AMENDED		3/18
HANSON, MARIAN			EXEMPT CERTAIN NONPROFIT & STUDENT GROUPS FROM STORE LICENSES			
HB0550	2/01	2/13	3/18	PASS AS AMENDED		3/28
GRADY, ED			FUND STATE PARKS THROUGH A TAX ON RENTAL CAR FEES			
HB0558	2/01	2/13	3/06	PASS AS AMENDED		3/07
REAM, BOB			REVISE PROCESS OF ESTIMATING REVENUE BY LEGISLATURE; USE OF ESTIMATES			
HB0580	2/04	2/14		PASS AS AMENDED		2/14
SCHYE, TED			REQUIRE DOR TO REPORT TAXABLE VALUE TO OPI BY DECEMBER 1 OF EACH YEAR			
HB0591	2/04	2/14		PASS AS AMENDED		2/14
SOUTHWORTH, JIM			REQUIRE WAGE LAW APPLICATION TO TAX EXEMPT PROJECTS OVER \$25,000			
HB0609	2/05				APPROPRIATIONS	
REAM, BOB			BILL PROVIDING SALARY INCREASE FOR STATE TAX APPEAL BOARD			
HB0614	2/05	3/07	3/22	TABLED ON 03/22		
COBB, JOHN			FUND HEALTH INSURANCE FOR CHILDREN OF LOW-INCOME FAMILIES			
HB0617	2/05	2/19		PASS AS AMENDED		3/19
REAM, BOB			REQUIRE DEPT OF REVENUE TO REPORT CERTAIN INFO; TAX EXPENDITURE BUDGET			
HB0677	2/07	2/20		PASS AS AMENDED		3/19
BENEDICT, STEVE			ALLOW 1 MILL FOR COUNTY LITERACY PROGRAM			
HB0693	2/08	2/22	3/18	PASS AS AMENDED		3/22
THOMAS, FRED			PROMOTE HEALTH INSURANCE FOR UNINSURED MONTANANS			
HB0699	2/08	2/22		DO PASS		3/05
ELLISON, ORVAL			EXEMPT TRAVERTINE AND BUILDING STONE FROM MINES NET PROCEEDS TAX			

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on February 14, 1991,
at 9:00 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

HEARING ON HB 591

Presentation and Opening Statement by Sponsor:

REP. SOUTHWORTH, House District 86, Billings, stated HB 591 is a bill to require that a contract let for a project costing more than \$25,000 and receiving a state tax exemption contain a provision requiring the contractor to pay the standard prevailing wage.

Proponents' Testimony:

Ron Burke, IBEW, Billings, stated that there is no standard prevailing wage on projects offered by the state. The state is saying "that's okay we will fund the project, but we don't have to pay the prevailing wage". This goes against the Davis - Bacon law that is in statute, and HB 591 would close the loophole to that law.

Gene Fenderson, Montana Building Construction Trade Unions, stated HB 591 is a bill of fairness for the public at large and taxpayer. Counties and cities should be added because they are tax exempt bonding. He gave background information on the prevailing rate law.

The prevailing rate law basically says that if a contractor uses public funds on a project, they must pay the prevailing rate of that given area. This is a fair theory, and we believe that this concept should be used in utilizing tax bonding money the communities is putting up.

Ron Bering, Local 532 Electricians, Billings, stated he would propose to change the wording in Paragraph 1, where it says "the state tax exemption" be amended to "state tax exempt bonding". His intent is was only for the tax exempt bonds that support and finance the operations.

John Ortwein, Montana Catholic Conference, stated that as the attorneys for the Catholic Conference read through the bill, they were confused. He introduced a proposed amendment which would be for clarification purposes. EXHIBIT 1

Christian Mackay, on behalf of Don Judge, AFL-CIO, provided written testimony. EXHIBIT 2

Opponents' Testimony:

Don Chance, Montana Building Industry Association, stated the bill draft on Line 13 is to broadly worded that it could apply to thousands of private projects. The types of projects that they we're concerned the prevailing wages would be extended to is any project that is taking advantage of Montana energy conservation income tax deduction. Currently, to encourage energy conservation practices there is a maximum deduction of \$150 credit off your income taxes. There is a question about whether the projects involved with tax increment financing and the tax credits provided for historic preservation and renovation projects will be involved. HB 591 essentially requires the prevailing wage scales be paid on thousands of private projects. Some of the amendments introduced may solve some of our concerns.

Questions From Committee Members:

REP. REAM stated to Don Chance that the committee received an amendment that strikes the language that he was referring to. REP. REAM asked if he would still be opposed to the bill if the language was inserted. Mr. Chance they would support the amendment that states "finance by tax exempt industrial revenue bonds". They would have a question as to what "financing" means. There principal concern would deal with the state board of housing programs.

REP. O'KEEFE asked REP. SOUTHWORTH if he was attempting to get at the board of housing programs. REP. SOUTHWORTH referred the question to Ron Burke. Mr. Burke said it was not the intent. REP. O'KEEFE asked if we adopt the amendments and exempt the board of housing, would he still be comfortable with the bill. Mr. Burke said yes.

REP. THOMAS asked how would they determine that the time the project was let whether there would be a tax break involved for new industry. Lee Heiman, Legislative Council, said if the bonding amendment were put in, that would be part of the bonding requirement. They would have no way to tell the way the bill is written. REP. THOMAS said would this apply to new industry. When you build a new building, no taxes are being levied on it. Gene Fenderson stated there is confusion about tax exemption. We are looking at when cities and counties or the state issues tax exempt bonds to promote industrial and commercial expansion.

Closing by Sponsor:

REP. SOUTHWORTH urged the committee's support.

HEARING ON HB 580**Presentation and Opening Statement by Sponsor:**

REP. SCHYE, House District 18, Glasgow, stated HB 580 has gone through the Revenue Oversight Committee. He said that representatives from OPI and DOR would discuss the bill

Proponents' Testimony:

Jan Thompson, Office of Public Instruction, introduced amendments clarifying the provisions of for guaranteed tax base when they are writing the administrative rules. There is also a provision to lag the data that they use to calculate the GTB for a year.

EXHIBIT 3

Under current law, OPI must use current years taxable evaluation and previous fiscal years nonlevy revenue in their guaranteed tax base calculations. The problem that arises is that by the time OPI gets the data, the school districts have already had their

levy elections. They don't have the necessary information when they are putting together their preliminary budgets. The real downfall is that the GTB information OPI uses in June and July is still preliminary. They are proposing, with the DOR, to use the previous years taxable value, previous calendar year nonlevied revenue, and previous years A and B in the calculations. This way we can get the information out to the school districts in March when the schools are doing their preliminary budgets. We are trying to clarify the language.

Judy Rippingale, DOR, stated they supported HB 580 in terms of the affect it had on the DOR was to change from the current year to the previous years taxable value. The reason for doing this is that the current years taxable value is not available and timely enough. There should be no problems in using previous years.

Opponents' Testimony: None

Questions From Committee Members:

REP. REAM asked Judy Rippingale if she had a chance to look at the amendments since she didn't comment on them. Ms. Rippingale said DOR has had the amendments and sees no problems with the concept and has agreed to work with OPI on this project.

Closing by Sponsor:

REP. SCHYE made no closing statement.

EXECUTIVE ACTION ON HB 580

Motion: REP. RANEY MOVED HB 580 DO PASS.

Motion/Vote: REP. MCCARTHY moved to amend HB 580. Motion carried unanimously. EXHIBIT 4

Motion/Vote: REP. HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 580 DO PASS AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 591

Motion: REP. RANEY MOVED HB 591 DO PASS.

Discussion:

REP. O'KEEFE said the "or financing" language had to be cleaned up.

Motion: REP. O'KEEFE moved to amend HB 591. To insert "financed by tax-exempt industrial revenue bonds" or "financing from the sale of tax-exempt industrial revenue bonds".

Discussion:

REP. O'KEEFE stated if we put "financed by tax-exempt industrial revenue bonds", 2% of the project is financed by other money. That project would no longer be covered by this statute. If we include "financing involving the revenues of", 80% of the project comes under the heading. REP. REAM asked Lee Heiman to comment on the amendment by REP. O'KEEFE. Mr. Heiman said he did not know the financing provision of industrial bonds as to what percentage of the project it may involve. He didn't think the Board of Housing uses industrial revenue bonds.

REP. HOFFMAN asked REP. O'KEEFE if it was his concern that a project is financed in part by the revenue bonds that would be exempt. REP. O'KEEFE said yes. He felt that if they receive any part of their financing from the industrial revenue bonds, they should be covered by the laws introduced by REP. SOUTHWORTH brought to the committee. If we drop "or financing" and they are not 100% financed by these bonds, then this law does not apply. REP. HOFFMAN said what if the language was changed to "financed in whole or in part" by tax-exempt industrial revenue bonds.

Motion: REP. O'KEEFE withdrew his motion to amend HB 591.

Motion/Vote: REP. HOFFMAN moved to amend HB 591. Motion carried unanimously. EXHIBIT 5

Motion: REP. HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 591 DO PASS AS AMENDED.

Discussion:

REP. THOMAS said industrial revenue bonds from the city are tax exempt. The purpose being that there would be no further cost to the project. The purpose of the bill is to raise the cost of payment of wages because prevailing wages are higher than typical wages paid. This bill will take what is a benefit to produce new jobs in Montana by raising the cost of the project. This is not the original intent of the bill. REP. RANEY said that we as citizens wouldn't want to engage in construction projects without paying the people a decent wage.

Vote: Motion that HB 591 Do Pass As Amended carried 16 to 4 on a roll call vote. EXHIBIT 6

EXECUTIVE ACTION ON HB 265

Motion/Vote: REP. MCCARTHY MOVED HB 265 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 397

Discussion:

REP. MCCARTHY said when HB 397 was discussed in the committee, she suggested a sunset clause be put in. REP. HARRINGTON said

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 2/14/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓	X	
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT		✓	
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓	X	
REP. BOB GILBERT	✓	X	
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY		✓	
REP. TOM NELSON	✓		
REP. MARK O'KEEFE		✓	
REP. BOB RANEY	✓		
REP. TED SCHYE	✓	X	
REP. BARRY "SPOOK" STANG		✓	
REP. FRED THOMAS		✓	
REP. DAVE WANZENRIED		X	✓

HOUSE BILL 591

EXHIBIT 1
DATE 2-14-91
HB 591

INTRODUCED BY SOUTHWORTH

A BILL FOR AN ACT ENTITLED: " AN ACT TO REQUIRE THAT A CONTRACT LET FOR A STATE PROJECT COSTING MORE THAN \$25,000 AND RECEIVING A STATE TAX EXEMPTION CONTAIN A PROVISION REQUIRING THE CONTRACTOR TO PAY THE STANDARD PREVAILING WAGE: AND PROVIDING AN EFFECTIVE DATE."

1. Title, line 6

Strike: "RECEIVING A STATE TAX EXEMPTION"

Insert: "FINANCED BY TAX EXEMPT INDUSTRIAL REVENUE BONDS
OR FINANCING"

2. Page 1, line 13

Strike: "RECEIVING A TAX EXEMPTION FROM THE STATE"

Insert: "FINANCED BY TAX EXEMPT INDUSTRIAL REVENUE BONDS OR
FINANCING"



EXHIBIT 2,0
DATE 2-14-91
HB 591

DONALD R. JUDGE
EXECUTIVE SECRETARY

110 WEST 13TH STREET
P.O. BOX 1176
HELENA, MONTANA 59624

(406) 442-1708

Testimony of Don Judge on HB 591, House Taxation Committee, Thursday, February 14, 1991.

Mr. Chairman and members of the committee, I'm Don Judge, representing the Montana State AFL-CIO, and I'm here today to support the application of the standard prevailing wage to tax exempt projects costing more than \$25,000.00.

As others have testified, contractors currently utilizing tax exempt bonds to finance construction projects are able to circumvent the intent of prevailing wage laws. Because these contractors are, in essence, being paid with public monies to complete these projects, there is no reason to differentiate between this source of funding or a direct public expenditure.

Workers in our state and nation have enjoyed the protection provided by prevailing wage laws for more than fifty years. In addition, these laws protect fair contractors, the general public and taxpayers, by ensuring that quality work will be performed by skilled and well-trained workers on public work projects. These protections ought to be extended to the types of projects covered under the provisions of this bill.

We urge that you support the extension of these protections by approving HB 591.

Thank you for considering our views.

EXHIBIT 5
DATE 2-14-91
HB 591

Amendments to House Bill No. 591
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
February 14, 1991

1. Title, line 6.

Strike: "RECEIVING A STATE TAX EXEMPTION"

Insert: "FINANCED IN WHOLE OR IN PART BY TAX-EXEMPT INDUSTRIAL
REVENUE BONDS"

2. Page 1, lines 13 and 14.

Strike: "receiving a tax exemption from the state"

Insert: "financed in whole or in part by tax-exempt industrial
revenue bonds"

EXHIBIT 6
DATE 2-14-91
HB 591

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 2/14 BILL NO. HB 591 NUMBER 1

MOTION: _____

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON	✓	
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	0	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL	14	6

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

TAXATION

COMMITTEE

BILL NO. 591

DATE 2-14-91

SPONSOR(S)

Southworth

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
JOHN DRTWEIN	MT CATHOLIC CONF	✓	
Don Edwards	OCAW	X	
Ron Pering Billings	IBEW	X	
Ron Burke BLS	IBEW	✓	
CHRISTIAN MACKAY BEHALF OF DON WDAE	AFL-CIO	✓	
Don CHANCE	MT. BUILDING IND. ASSN		✓
Eugene FENDERSON	MT ST BLDG TRADES	✓	
Robert K. MURPHY.	IBEW	✓	
KERMIT GOVES	IBEW	✓	
JODY CARLSON	HRDCS - QUESTION?		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE STANDING COMMITTEE REPORT

February 14, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 591 (first reading copy -- white) do pass as amended.

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Strike: "RECEIVING A STATE TAX EXEMPTION"

Insert: "FINANCED IN WHOLE OR IN PART BY TAX-EXEMPT INDUSTRIAL
REVENUE BONDS"

2. Page 1, lines 13 and 14.

Strike: "receiving a tax exemption from the state"

Insert: "financed in whole or in part by tax-exempt industrial
revenue bonds"

CHAIRMAN--MIKE HALLIGAN
NORMAL SCHEDULE==> SITE: RM 413/415

DAYS: M,T,W,T,F

TIME: 8:00 A.M.

SECRETARY-JILL ROHYANS

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0452	4/04	4/09		CONCUR AS AMENDED		4/12
LARSON, DON			PROPERTY TAX EXEMPTION FOR NEW AND EXPANDING INDUSTRIES			
HB0481	2/19	3/11		CONCUR		3/11
WALLIN, NORM			AUTHORIZE SALE OF TAX-DEED LAND FOR MARKET VALUE TO PURCHASER AFTER AUCTION			
HB0513	2/19	3/20		CONCUR AS AMENDED		3/27
SIMPKINS, RICHARD			REVISE PROVISIONS RELATING TO REFUND OF TAXES ILLEGALLY COLLECTED			
HB0518	4/04	4/05		CONCUR AS AMENDED		4/05
MESSMORE, CHARLOTTE			ADVERTISEMENT AND HEARING BEFORE BUDGETING MORE PROPERTY TAX REVENUES			
HB0543	3/13	3/27		CONCUR		3/27
DARKO, PAULA			CLARIFYING THE ELIGIBILITY FOR THE CREDIT FOR EMPLOYER PROVIDED DAY-CARE			
HB0550	4/04	4/08		ADVERSE RPT ADOPT		4/09
GRADY, ED			FUND STATE PARKS THROUGH A TAX ON RENTAL CAR FEES			
HB0558	3/15	4/09		CONCUR		4/12
REAM, BOB			REVISING PROCESS OF ESTIMATING REVENUE BY LEGISLATURE; USE OF ESTIMATES			
HB0580	2/20	3/06		CONCUR AS AMENDED		3/07
SCHYE, TED			REQUIRE DOR TO REPORT TAXABLE VALUE TO OPI BY DECEMBER 1 OF EACH YEAR			
HB0591	2/20	3/20		CONCUR		3/27
SOUTHWORTH, JIM			PREVAILING WAGE LAW APPLIES TO TAX EXEMPT PROJECTS OVER \$25,000			
HB0617	4/04	4/05		TABLED		
REAM, BOB			REQUIRING DEPT OF REVENUE TO REPORT CERTAIN INFO: TAX EXPENDITURE BUDGET			
HB0677	4/04	4/05		CONCUR		4/05
BENEDICT, STEVE			ALLOW 1 MILL FOR COUNTY LITERACY PROGRAM			

CHAIRMAN--MIKE HALLIGAN
SECRETARY--JILL ROHYANS
NORMAL SCHEDULE==> SITE: RM 413/415

COMMITTEE--(S) TAXATION
DAYS: M,T,W,T,F TIME: 8:00 A.M.

= REFER =
BILL === = DATE === LATEST ACTION/DATE=====

	SPONSOR: GRADY, ED	TITLE-FUND STATE PARKS THROUGH A TAX ON RENTAL CAR FEES
HB 558	03/15 (H) SIGNED BY GOVERNOR SPONSOR: REAM, BOB	04/24 TITLE-REVISING PROCESS OF ESTIMATING REVENUE BY LEGISLATURE; USE OF ESTIMATES
HB 580	02/20 (H) SENT TO ENROLLING SPONSOR: SCHYE, TED	04/25 TITLE-REQUIRE DOR TO REPORT TAXABLE VALUE TO OPI BY DECEMBER 1 OF EACH YEAR
HB 591	02/20 (H) CHAPTER NUMBER SPONSOR: SOUTHWORTH, JIM	04/20 TITLE-PREVAILING WAGE LAW APPLIES TO TAX EXEMPT PROJECTS OVER \$25,000 EFFECTIVE DATE: 07/01/91
HB 617	R 04/04 (S) TABLED IN COMMITTEE SPONSOR: REAM, BOB	04/05 (S) TAXATION TITLE-REQUIRING DEPT OF REVENUE TO REPORT CERTAIN INFO; TAX EXPENDITURE BUDGET
HB 677	R 04/04 (H) RETURNED FROM ENROLLING SPONSOR: BENEDICT, STEVE	04/25 TITLE-ALLOW 1 MILL FOR COUNTY LITERACY PROGRAM
HB 699	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: ELLISON, ORVAL	04/23 TITLE-EXEMPT TRAVERTINE AND BUILDING STONE FROM MINES NET. PROCEEDS TAX
HB 701	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: DRISCOLL, JERRY	04/24 TITLE-CLEAN COAL TECHNOLOGY DEMONSTRATION FUNDING
HB 738	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: ELLIOTT, JIM	04/24 TITLE-ALLOW EXTRA 2-MILLS FOR AMBULANCE SERVICES IF APPROVED BY VOTERS
HB 753	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: HARRINGTON, DAN	04/23 TITLE-EXTEND PROPERTY TAX EXEMPTION FOR BUSINESS INCUBATORS
HB 757	R 03/13 (H) CHAPTER NUMBER SPONSOR: KADAS, MIKE	04/25 TITLE-SUBJECTING TO TAXATION, PROPERTY CHANGING FROM AN EXEMPT TO A TAXABLE STATUS EFFECTIVE DATE: 10/01/91
HB 781	R 04/09 (H) TRANSMITTED TO GOVERNOR SPONSOR: KIMBERLEY, BERV	04/24 TITLE-AIR QUALITY PERMIT FEES
HB 787	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: QUILICI, JOE	04/24 TITLE-EXTEND PROPERTY TAX EXEMPTION FOR INDUSTRIAL PARK PROPERTY
HB 790	R 04/04 (H) TRANSMITTED TO GOVERNOR SPONSOR: MESSMORE, CHARLOTTE	04/23 TITLE-REVISE TAX CREDIT FOR ELDERLY CARE
HB 793	04/04 (H) SIGNED BY GOVERNOR SPONSOR: HANSON, MARIAN	04/24 TITLE-ALLOW COUNTY COMMISSIONERS TO REDISTRIBUTE COAL, OIL, AND GAS "FLAT TAXES"
HB 795	AR 04/04 (S) FREE CONF COM APPOINTED SPONSOR: HARPER, HAL	04/25 TITLE-COAL TAX BONDS TO FINANCE LOCAL INFRASTRUCTURE LOANS DOHERTY (CHAIR), TOWE, THAYER
HB 801	R 04/04 (S) 3RD READ FREE CC RPT ADOPTED SPONSOR: MENAHAN, RED	04/25 TITLE-PROVIDING FOR THE TAXATION OF POLLUTED PROPERTY
HB 809	R 04/05 (H) TRANSMITTED TO GOVERNOR SPONSOR: PETERSON, MARY LOU	04/23 TITLE-INCREASE FIRE INSURANCE PREMIUM TAX TO FUND FIRE MARSHAL ACTIVITIES
HB 822	04/04 (S) 2ND READING CONCURRED SPONSOR: KADAS, MIKE	04/25 TITLE-LOCAL REPEAL OR REINSTATEMENT OF TAX FREEZE

1 HOUSE BILL NO. 591
2 INTRODUCED BY SOUTHWORTH, DRISCOLL, SCOTT, WHALEN,
3 G. BECK, KILPATRICK, PAVLOVICH
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT A
6 CONTRACT LET FOR A PROJECT COSTING MORE THAN \$25,000 AND
7 RECEIVING-A-STATE-TAX-EXEMPTION FINANCED IN WHOLE OR IN PART
8 BY TAX-EXEMPT INDUSTRIAL REVENUE BONDS CONTAIN A PROVISION
9 REQUIRING THE CONTRACTOR TO PAY THE STANDARD PREVAILING
10 WAGE; AND PROVIDING AN EFFECTIVE DATE."
11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13 NEW SECTION. **Section 1.** Tax exempt project --
14 prevailing wage required. A contract let for a project
15 costing more than \$25,000 and receiving-a-tax-exemption-from
16 the--state FINANCED IN WHOLE OR IN PART BY TAX-EXEMPT
17 INDUSTRIAL REVENUE BONDS must contain a provision requiring
18 the contractor to pay the standard prevailing wage rate in
19 effect and applicable to the district in which the work is
20 being performed.
21 NEW SECTION. **Section 2.** Codification instruction.
22 [Section 1] is intended to be codified as an integral part
23 of Title 18, chapter 2, part 4, and the provisions of Title
24 18, chapter 2, part 4, apply to [section 1].
25 NEW SECTION. **Section 3.** Effective date. [This act] is

1 effective July 1, 1991.

-End-

THIRD READING

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 20, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON SENATE BILL 454

Presentation and Opening Statement by Sponsor:

Senator Doherty, District 20, sponsor, said the bill addresses District Court funding. This bill complements a House bill which provides relief for District Court funding and provides for the state to pick up some of the legitimate state costs in District Courts. Currently first class counties can levy 6 mills and second class counties can levy 5 mills to support District Courts. This bill would authorize County Commissioners to levy additional mills in order to pay off the Court deficit. Not all Courts have law clerks which adds greatly to the work load of the Court. He noted the mill does not raise a great deal of money in Cascade County and there is just not enough revenue to adequately fund the Court. The bill contains an exemption provision from 1105.

HEARING ON HOUSE BILL 591Presentation and Opening Statement by Sponsor:

Rep. Southworth, District 86, sponsor, said the bill requires that a contract let for a project costing more than \$25,000 and financed in whole or in part by tax-exempt industrial revenue bonds contain a provision requiring the contractor to pay the standard prevailing wage. Some public works contractors in the state are circumventing the standard prevailing wage laws and succeeding legally because these projects receive a state tax exemption even though the contractors are being paid with public dollars.

Proponents' Testimony:

Ron Burke, IBEW, Billings, expressed support for the bill. He said the prevailing wage laws in Montana work well at ensuring Montana workers get jobs.

Gene Fenderson, Montana State Building Construction Trades Council, said the protection laws for contractors and workers should be applied to the tax exempt bond status. More and more of the larger projects in the state are being funded this way rather than with straight private money. He urged the committee to pass the bill.

Darrell Holzer, Montana AFL-CIO, presented his testimony in support of the bill (Exhibit #4).

Ron Perine, IBEW, Billings, said he is a worker affected by the circumvention situation. For ten months in a row he worked 10 hours a day and commuted for 4 hours. He said there were over 200 employees on the project and no place for them to stay in Colstrip. He urged the committee to support the bill.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Towe asked if the Little Davis Bacon Act has an exemption.

Mr. Fenderson said it does, but it does not go into effect in any project under \$25,000. He said he felt the monies are already covered under present law, but to avoid further disagreements with every city and county in the state, they would like to clarify the law with this bill.

Closing by Sponsor:

Rep. Southworth closed by saying the bill essentially addresses the prevailing wage which means money in the pockets of working people in Montana.

HEARING ON SENATE BILL 457Presentation and Opening Statement by Sponsor:

Senator Doherty, District 20, sponsor, said the bill changes the taxation of metal mines back to the gross proceeds basis. In 1989, SB 410 changed taxation of metal mines from gross proceeds to net proceeds. By changing back to gross proceeds, it determines the value by going to a readily identifiable number which would be the price of the commodity or mineral product established in New York City or some readily identifiable area. It is straightforward and simple tax policy. The idea behind SB 410 was revenue neutrality. Revenue neutrality did not occur and there was some lost revenue. It is necessary to return to the gross proceeds base.

Proponents' Testimony:

Richard Parks, Northern Plains Resource Council, presented his testimony in support of the bill (Exhibit #5).

Carrie Garber, Montana Alliance for Progressive Policy, said the bill is good tax policy which should be given a favorable recommendation (Exhibit #6).

Opponents' Testimony:

Gary Langley, Montana Mining Association, said SB 410 provided clarity, consistency, and stability in state mining tax policy. It allows a mining entity to pay on the value it actually receives for its product rather than an inflated value that is published somewhere else. It is an easy way for the tax payer to pay and tax collector to collect. Revenue from metal mines is down, but not as a result of SB 410. He presented a comparison from the Department of Revenue on 1989 and 1988 metal mine and RIT taxes (Exhibit #7) which the following witness reviewed.

ROLL CALL

SENATE TAXATION COMMITTEE

DATE _____

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		4:30 on ✓
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

SENATE TAXATION
EXHIBIT NO. 4
DATE 3/20/91
BILL NO. HB 591



DONALD R. JUDGE
EXECUTIVE SECRETARY

110 WEST 13TH STREET
P.O. BOX 1176
HELENA, MONTANA 59624

(406) 442-1708

Testimony of Darrell Holzer on HB 591, Senate Taxation Committee, Wednesday, March 20, 1991.

Mr. Chairman and members of the committee, I'm Darrell Holzer, representing the Montana State AFL-CIO, and I'm here today to support the application of the standard prevailing wage to tax exempt bonded projects costing more than \$25,000.00.

As others have testified, contractors currently utilizing tax exempt bonds to finance construction projects are able to circumvent the intent of prevailing wage laws. Because these contractors are, in essence, being paid with public monies to complete these projects, there is no reason to differentiate between this source of funding or a direct public expenditure.

Workers in our state and nation have enjoyed the protection provided by prevailing wage laws for more than fifty years. In addition, these laws protect fair contractors, the general public and taxpayers, by ensuring that quality work will be performed by skilled and well-trained workers. These protections ought to be extended to the types of projects covered under the provisions of this bill.

We urge that you support the extension of these protections by approving HB 591.

Thank you for considering our views.

DATE 3/20

COMMITTEE ON Senate Taxation~~SB 457~~SB 457 HB 591 HB 446
SB 454 HB 513

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Richard Pank	NPRC	SB-457	✓	
Robin McCulloch	Mt. Bureau of Mines	SB-457		
Wesley Adams	DOR			
DARRELL HOLZER	MT. ST AFL-CIO	HB 591	✓	
Ron Burke	IBEW Local 532 BLS	HB 591	✓	
Ron Perine	" " " "	" "	✓	
Paul Dodge	Assoc			
Gordon Morris	MACO	SB 454	HB 513	✓
" "	"	HB 446	✓	
Eugene Farn	Mt St & Lg Trade	591	✓	
John Fitzpatrick	Aguares Gold Co.	457		✓
Marilyn Rhoadt	Chap & Reader	446	✓	
Maria A. Canale	Mt. Mining Assn.	457		✓
WARD SHANAHAN	CHEVRON CORPORATION	457		✓
Ray Gilman	Montana Resources	457		X
Jerome Burr	Mt Typographers Assoc	457		✓
Carrie Harker	Mt Alliance for Progressive Policy	457	✓	
LARRY HUCK	MONT BOATING ASSOC.			
F.H. Buck Boles	MT CHAMBER		SB 457	✓
Ray Blum	YCCB	457	✓	

(Please leave prepared statement with Secretary)

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 27, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

EXECUTIVE ACTION ON SENATE BILL 446

Recommendation and Vote:

The vote on Senate Bill 446 was held open for Senator Koehnke. The motion to Table by Senator Harp failed with Senator Koehnke voting no joining Senators Gage, Halligan, Van Valkenburg and Doherty who had voted no on the motion at the March 26 meeting. Further action on the bill is delayed until April 1.

EXECUTIVE ACTION ON HOUSE BILL 513Amendments, Discussion, and Votes:

Jeff Martin presented proposed amendments (Exhibit #1) from the sponsor which are designed to answer Senator Thayer's question regarding duplicate taxes and the refund from the county treasurer being retroactive back ten years. The amendments would direct the refund of duplicate taxes paid in error back to 1981 and overpayment of net and gross proceeds to be refunded back to the taxable year beginning in 1986.

Senator Towe felt the permissive language "may" should be stricken regarding taxes illegally collected and "shall" inserted in lieu.

Senator Towe moved to adopt all the amendments with the exception of amendment #2.

The motion CARRIED.

Recommendation and Vote:

Senator Thayer moved HB 513 Be Concurred In As Amended.

The motion CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 591Recommendation and Vote:

Senator Harp moved HB 591 Be Concurred In.

The motion CARRIED unanimously.

HEARING ON HOUSE BILL 757Presentation and Opening Statement by Sponsor:

Representative Kadas, District 55, sponsor, said if tax exempt property is purchased under current law no taxes are paid until the beginning of the next tax year. The bill directs that taxes must be paid from the time ownership is taken. It prorates taxes for the year in which the purchase was made. He presented proposed amendments drafted by the Department of Revenue which would direct the taxes be collected in the same time period as they are currently collected - in November and May (Exhibit #2).

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/27/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X	7:12 a.m.	
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

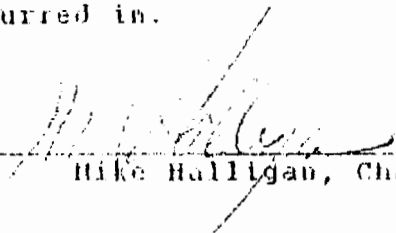
Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 27, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 591 (third reading copy -- blue), respectfully report that House Bill No. 591 be concurred in.

Signed: 
Mike Halligan, Chairman

3-27-91
App. Coord.

12/01 02:30
Sec. of Senate

661211SC.S11

HOUSE BILL NO. 591

1 effective July 1, 1991.

INTRODUCED BY SOUTHWORTH, DRISCOLL, SCOTT, WHALEN,

-End-

G. BECK, KILPATRICK, PAVLOVICH

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT A
CONTRACT LET FOR A PROJECT COSTING MORE THAN \$25,000 AND
~~RECEIVING-A-STATE-TAX-EXEMPTION~~ FINANCED IN WHOLE OR IN PART
BY TAX-EXEMPT INDUSTRIAL REVENUE BONDS CONTAIN A PROVISION
REQUIRING THE CONTRACTOR TO PAY THE STANDARD PREVAILING
WAGE; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Tax exempt project --
prevailing wage required. A contract let for a project
costing more than \$25,000 and ~~receiving-a-tax-exemption-from~~
~~the--state~~ FINANCED IN WHOLE OR IN PART BY TAX-EXEMPT
INDUSTRIAL REVENUE BONDS must contain a provision requiring
the contractor to pay the standard prevailing wage rate in
effect and applicable to the district in which the work is
being performed.

NEW SECTION. **Section 2.** Codification instruction.
[Section 1] is intended to be codified as an integral part
of Title 18, chapter 2, part 4, and the provisions of Title
18, chapter 2, part 4, apply to [section 1].

NEW SECTION. **Section 3.** Effective date. [This act] is

REFERENCE BILL